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Report to the Chairman, Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, Committee on Agriculture, House of Representatives

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FOOD STAMP PROGRAM

Administrative Hindrances to Participation

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Resources, Community, and
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The Honorable Leon E. Panetta
Chairman, Subcommittee on Domestic Marketing,
Consumer Relations, and Nutrition
Committee on Agriculture
House of Representatives

Dear Mr. Chairman:

In response to your request, this report addresses the issue of whether federal regulations and certain state and local office practices and procedures may discourage or prevent eligible persons from participating in the Food Stamp Program. The report focuses only on those procedures and practices that affect households once they have contacted the local food stamp office for assistance.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days after the date of this letter. At that time, we will send copies of this report to the appropriate House and Senate committees; interested members of Congress; the Secretary of Agriculture; the Director, Office of Management and Budget; and other interested parties.

This report was prepared under the direction of John W. Harman, Associate Director. Major contributors to the report are listed in appendix X.

Sincerely yours,

J. Dexter Peach

J. Dexter Peach
Assistant Comptroller General

Executive Summary

Purpose

Approximately 18.8 million individuals participated in the Food Stamp Program in May 1988. Over the years, the Department of Agriculture and the states have adopted a number of administrative procedures and practices that may affect program participation. Concerned that some of these measures may be unduly restricting program participation, the Chairman, Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, House Committee on Agriculture, asked GAO to assess whether federal regulations and state procedures discourage households from participating in the Food Stamp Program. This report focuses on procedures and practices that affect households after they have contacted the local food stamp office for assistance.

Background

The Food Stamp Program helps low-income households obtain more nutritious diets by providing eligible applicants with coupons to buy food. USDA's Food and Nutrition Service administers the program by establishing national policies and overseeing state management of the day-to-day operation of the program. States delegate management authority to counties and cities to varying degrees, but all operate local offices to provide service to applicants and clients.

Local offices (1) determine whether applicants are eligible to participate in the program, (2) authorize participants the appropriate amount of benefits, and (3) determine whether participants are eligible to continue receiving benefits after a certification period has expired. To establish or maintain eligibility, applicants and participants must follow a set of administrative procedures that vary according to household circumstances, local practices, and other factors. States perform quality control reviews of a sample of food stamp cases that were denied or terminated to identify errors made in determining eligibility and benefit levels.

To gain insights into the types of administrative hindrances that may be unduly restricting participation in the Food Stamp Program, GAO reviewed how food stamp offices process first-time applications, applications for additional benefits, and changes in household circumstances at 33 local offices in California, Illinois, Maryland, Oklahoma, and Texas. In addition, GAO sought to identify whether potentially eligible households may have been discouraged or prevented from participating in the Food Stamp Program by reviewing 664 fiscal year 1984 and 1985 case records from the five states, which were the latest years for which data on completed quality control denial and termination reviews were available at the time of GAO's review.

Results in Brief

States have adopted a number of procedures to assure eligibility for program benefits and ensure that needy persons receive the appropriate amount of assistance in the most economical and efficient way possible. However, under certain circumstances, procedures adopted by states GAO visited have prevented or delayed eligible households from applying for food stamps and participating in the Food Stamp Program. In addition, GAO found that households with the same income can receive more food stamps in some states than others because Food and Nutrition Service regulations permit states to calculate a household's monthly income two different ways.

Although the results of this review cannot be generalized to the rest of the country, it is likely that some of the practices and procedures GAO identified may be occurring in other states. By looking for similar practices while conducting management reviews of local food stamp operations throughout the country, Service and state officials would be able to alleviate administrative hindrances that in some cases may be unduly restricting food stamp participation in other states.

Principal Findings

Administrative Hindrances to Applying for and Receiving Benefits

The food stamp application process is complex, in part, because of the need to ensure that only eligible applicants participate in the program. However, some of the procedures and practices identified in GAO's review make the application process more complex than it needs to be. For example, among the 33 local offices GAO visited:

- Two offices conducted normal business only four days each week, which limited access to food stamp services compared with other local offices. Although not contrary to Service regulations, one office's practices were contrary to state policy. In contrast, to provide better service to the working poor, one state offered food stamp services late one night each week, with only a slight increase in operating costs.
- All local offices in one state and one local office in each of two other states did not consider applicants for expedited benefits, or provide expedited benefits on time. Expedited services, at the time of our review, were required to be provided to impoverished households with expected monthly income of less than $150 and liquid assets of less than $100. In response to its concerns about the provision of expedited benefits, the Service has required its regional offices, during their annual

reviews of state operations, and states, during their management evaluations of local offices, to focus on how well expedited benefits are being provided to eligible households.

- Three local offices in one state did not always help applicants obtain the documents they needed to complete their applications. GAO found cases in which food stamp officials did not clearly identify the types of documents applicants are required to provide or help applicants document their applications to the extent permitted by regulations.

Administrative Hindrances to Continued Participation

Some states' administrative practices can limit participation by households already receiving food stamp benefits. Specifically, GAO found that in some instances, local offices in two states inappropriately terminated households' food stamp benefits when they terminated these households' public assistance benefits, such as Aid to Families with Dependent Children or General Assistance, without independently determining whether the households were still eligible for food stamps. GAO found that this occurred in 17 cases—8 out of 173 cases in 1 state and 9 out of 143 cases in another state. Of these 17 cases, 13 lost at least 1 month's benefits ranging from $10 to $234. The states eventually restored an average benefit of $79 to 3 of these participants.

In addition, GAO found that in some instances, local offices in two states terminated households' food stamp benefits before verifying allegations that changes in their circumstances affected their eligibility. In each case, such verification was required by state policy.

Two Different Methods for Determining Food Stamp Income Eligibility

Although the Food Stamp Program sets a single, nationwide income limit to determine whether households are eligible, GAO found that, in some cases, households with the same income can be eligible to participate in one state and not in another, or can receive different amounts of benefits in two different states. GAO also found that some households found ineligible to participate in a state when initially applying would be entitled to receive benefits in that state if they had already been participating.

These results occur because Service regulations permit states to calculate a household's monthly income by either (1) calculating an average monthly amount using a conversion factor when the household is paid on a weekly or biweekly basis or (2) using its actual income, which varies during the year according to the number of checks the household

receives in a month. The two methods, which result in different monthly income totals, affect eligibility and food stamp benefit amounts.

Recommendations

GAO recommends that the Secretary of Agriculture direct the Food and Nutrition Service Administrator to:

- Identify administrative hindrances to food stamp participation in the Service's annual operations reviews of each state, focusing on hindrances identified in this report, and assist states in overcoming these hindrances by sharing this information with all states.
- Determine the extent to which some households are treated inequitably by the different methods used to calculate monthly income, and determine whether it would be beneficial to adopt a uniform policy for calculating monthly income.

Agency Comments

The Service stated that issues concerning the quality of service to food stamp applicants and recipients have been, and continue to be, a Service priority and that these areas will continue to be targeted as priority review areas under the existing management evaluation review system. In commenting on the different methods of calculating monthly income, the Service stated that further study of this question would be necessary to clarify the effect of this policy on program participation. This is consistent with GAO's recommendation. GAO also obtained comments from the states covered in this review. These comments, related largely to the clarity and technical accuracy of specific statements in the draft report, have been incorporated where appropriate.

Contents

Executive Summary		2
Chapter 1 Introduction		8
	Applying for Food Stamps	9
	Objectives, Scope, and Methodology	11
Chapter 2 Administrative Hindrances to Applying for Food Stamp Benefits		14
	Office Work Schedules Can Affect Access to Applications and Interviews	14
	Screening Practices May Delay Applicants' Access to Food Stamp Applications	16
	Applicants Not Always Encouraged to File Promptly	17
	Eligible Applicants in Some States Did Not Receive Expedited Benefits	19
	Applications Sometimes Denied Prematurely	21
	Local Office Assistance to Applicants in Documenting Eligibility Varies	22
Chapter 3 Administrative Hindrances to Continued Participation in the Food Stamp Program		26
	Food Stamps Sometimes Inappropriately Terminated When Public Assistance Is Terminated	26
	Procedures for Processing Transfers Between Local Offices Can Interrupt Benefits	29
	Terminations Based on Unverified Allegations	30
Chapter 4 Effects of Different Methods to Calculate Monthly Income		32
	Different Methods of Calculating Monthly Income	32
	Program Eligibility Affected by Method Used to Determine Monthly Income	33
	Benefit Amounts Affected by Method Used to Determine Monthly Income	34
	States Use Different Methods to Calculate Income for Applicants and Participants	36
	Opinions on Using Both Ways of Determining Monthly Income	36

Chapter 5 Conclusions and Recommendations

	38
Conclusions	38
Recommendations to the Secretary of Agriculture	41
Agency Comments and Our Evaluation	41

Appendixes

Appendix I: Comments From the U.S. Department of Agriculture's Food and Nutrition Service	42
Appendix II: Comments From the California Department of Social Services	45
Appendix III: Comments From the Illinois Department of Public Aid	48
Appendix IV: Comments From the Maryland Department of Human Resources	51
Appendix V: Comments From the Oklahoma Department of Human Services	57
Appendix VI: Comments From the Pennsylvania Department of Public Welfare	58
Appendix VII: Comments From the Texas Department of Human Services	61
Appendix VIII: Comments From the Wisconsin Department of Health and Social Services	64
Appendix IX: Local Offices Where GAO Conducted Its Review	67
Appendix X: Major Contributors to This Report	68

Tables

Table 4.1: Effect of Determining Food Stamp Eligibility on the Basis of Average and Actual Monthly Income	34
Table 4.2: Effect of Determining Food Stamp Benefits on the Basis of Average and Actual Monthly Income	35

Abbreviations

AFDC	Aid to Families With Dependent Children
GAO	General Accounting Office
HRD	Human Resources Division
RCED	Resources, Community, and Economic Development Division
USDA	U.S. Department of Agriculture

Chapter 1

Introduction

The Food Stamp Program helps low-income households obtain more nutritious diets by providing eligible applicants with coupons to buy food. In general, a household is considered eligible if 30 percent of its countable cash income[1] is not sufficient to purchase an adequate low-cost diet, as defined by the U.S. Department of Agriculture's (USDA) "Thrifty Food Plan." The program is offered in the 50 U.S. states, the District of Columbia, Guam, and the Virgin Islands. Approximately 18.8 million individuals participated in the program in May 1988, and each participant received an average of $50 in monthly coupons.

USDA's Food and Nutrition Service administers the program by establishing national policies and overseeing state management of the day-to-day operation of the program. States delegate management authority to counties and cities to varying degrees, but all operate local offices to provide service to applicants and clients. Local offices are responsible for determining whether applicants are eligible to participate in the program and authorizing them the appropriate amount of benefits.

The federal government finances 100 percent of the state-issued food stamp benefits and part of the states' administrative expenses (usually 50 percent). In fiscal year 1987, benefits amounted to approximately $10.4 billion, and administrative expenses amounted to about $1.1 billion.

To ensure that states are correctly operating the program, the Service and the states conduct several types of evaluations. The Service conducts annual operations reviews of each state, focusing on specific aspects of program operations each year. Similarly, states conduct management reviews to evaluate the adequacy of program operations both at state headquarters and local food stamp offices. States also conduct quality control reviews of a sample of food stamp cases that were denied or terminated to identify errors made in determining eligibility and benefit levels. The Service validates the states' results. States are required to correct deficiencies identified in these reviews and take corrective action to collect any overpayments or to restore benefits when households are underpaid.

[1]Since not all of a household's income is actually counted when determining its food stamp benefits, the program in effect assumes that households can spend about 29 to 25 percent of their gross cash income on food.

Applying for Food Stamps

To participate in the Food Stamp Program, persons or their authorized representatives must contact their local food stamp office, either by mail, telephone, or in person during regular office hours. At the office, they file applications and provide documents to support their eligibility. Although the application process often cannot be completed the day applicants first visit the office, they can file a partial application to establish a filing date for determining when benefits begin. Local offices certify eligible households for food stamp benefits for a specified amount of time, ranging from 1 month to a year.

Depending upon their circumstances, local offices can consider applicants for (1) initial benefits (if they are not already receiving benefits), (2) expedited services (if they are also impoverished),[2] or (3) recertification (if they are receiving benefits but their certification has expired). States are required to screen all applicants to determine whether they are eligible for expedited benefits. Without exception, states are required by federal regulations to make food stamp applications readily available to applicants.

Households complete food stamp applications at local offices by providing at least 60 pieces of information about household size, income, living expenses, and assets. Local offices determine applicants' eligibility by conducting interviews and requesting corroborating documents in support of the applications. Although applicants are primarily responsible for providing documents to substantiate their eligibility, local offices are required by Service regulations to help obtain documents if an applicant is unsuccessful.

In some states, households applying for eligibility from more than one assistance program file combined applications, which are used to determine eligibility and benefit levels for several assistance programs at once. Although more efficient than using separate applications for each program, combined applications are lengthier and more difficult to complete than a typical food stamp application. Thirty-five of 49 states use

[2]Expedited services provide immediate food stamp benefits to applicants with less than $150 in anticipated monthly gross income and $100 or less in liquid assets. Under the Stewart B. McKinney Homeless Assistance Act, passed after our audit was completed, expedited benefits are now also provided to eligible households in which all members are homeless and any household that has a combined gross income and liquid resources that is less than the monthly rent or mortgage, and utilities of the household.

a combined application for food stamps and Aid to Families with Dependent Children (AFDC) and 6 more use a partially integrated application.[1]

An applicant is initially allowed 30 days from the application filing date (for initial or recertification applications) to provide all the necessary information for determining eligibility. States may also grant a 30-day extension. The local office is not permitted to deny an application in less than 30 days simply because an applicant fails to attend a scheduled interview or provide requested verification. States must also verify certain application information before providing food stamps, except for expedited services. After the applicant provides this information, the local office approves or denies the application. This decision is made independently of other decisions the office may make about the household's eligibility for public assistance programs; a household cannot be found ineligible to receive food stamps solely because it does not qualify for public assistance benefits.

States are required by Service regulations to screen every applicant for eligibility for expedited services and provide benefits within 5 calendar days from the application date to those who are eligible. To accomplish this, the state initially verifies only a limited amount of information (such as the applicant's identity, residency, income, and assets) through readily available documentary evidence. The state cannot, however, delay the provision of benefits longer than 5 days, even if it has verified only the applicant's identity and no eligibility information. To continue receiving food stamps, the recipient must complete the initial application process and be found eligible.

During the certification period, households must report changes affecting their eligibility or benefit levels. They may also be requested to respond to information conflicting with the information they provided on their applications. In addition, households that are likely to experience income fluctuations may be required to file monthly reports of their household circumstances to maintain their eligibility. As of December 1985, 33 percent of participating food stamp households filed monthly reports. States are required to terminate a household's benefits if it does not supply all information requested to support its continued eligibility. State procedures for handling households that move to a new location within a state during a certification period vary. In some states,

[1]No data are available for Massachusetts and the District of Columbia. The information is based on a survey we conducted of efforts to integrate human services programs. See Welfare Simplification: States' Views on Coordinating Services for Low-Income Families (GAO/HRD-87-110FS, July 29, 1987).

the cases are transferred, but in others, the household must reapply at the new location.

To continue receiving food stamps at the end of a certification period, a household may be requested to provide documents regarding wages, assets, and other circumstances to establish that it is eligible for recertification.

Objectives, Scope, and Methodology

The overall objective of our review, conducted at the request of the Chairman, Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, House Committee on Agriculture, was to assess the effect that Food Stamp Program administrative procedures and practices have on program participation.[1] This report addresses the issue of whether federal regulations and certain state and local office practices and procedures may discourage or prevent eligible persons from participating in the Food Stamp Program. The report focuses only on those procedures and practices that affect households once they have contacted the local food stamp office for assistance. Chapter 2 discusses administrative hindrances to households applying for food stamp benefits, and chapter 3 discusses administrative hindrances to continued participation in the program. In chapter 4, we discuss the effects of different methods used to calculate household monthly income on food stamp participation. Our conclusions and recommendations are summarized in chapter 5.

This is the fourth and final report in a series responding to the Chairman's request. Previously, we reported on the following:

- The restoration of food stamp benefits to persons in Illinois whose benefits were improperly denied or terminated. See Food Stamp Program: Restoration of Improperly Denied or Terminated Benefits (GAO/RCED-87-51, Oct. 30, 1986).
- Trends in food stamp applications, participation, and denials. See Food Stamp Program: Trends in Program Applications, Participation, and Denials (GAO/RCED-87-80BR, Apr. 2, 1987).
- The reliability of the Food Stamp Program's denial or termination error rates that states report to USDA. See Food Stamp Program: Evaluation of Improper Denial or Termination Error Rates (GAO/RCED-88-12, Oct. 22, 1987).

[1]Food Stamps: Examination of Program Data and Analysis of Nonparticipation (GAO/PEMD-88-21, July 5, 1988) and other ongoing efforts address reasons that households estimated to be eligible for food stamps cite for not participating in the program. These reasons include lack of program information by nonparticipants, stigma associated with participating in the program, and perceptions of administrative burdens.

We performed our work at Service headquarters in Alexandria, Virginia; four of the Service's seven regional offices (the Mid-Atlantic in Robbinsville, New Jersey; the Midwest in Chicago, Illinois; the Southwestern in Dallas, Texas; and the Western in San Francisco, California) as well as state agencies and 33 local offices in 5 states: California (7 offices), Illinois (7 offices), Maryland (6 offices), Oklahoma (6 offices), and Texas (7 offices). (See app. IX.) We also reviewed Wisconsin's and Pennsylvania's procedures to supplement our understanding of the use of combined applications and the provision of expedited services.

We chose these states to represent different parts of the country and varying program sizes. In fiscal year 1986, states in these four Service regional offices issued 61 percent of the national food stamp benefits, and the five states issued 21 percent of the national benefits. In selecting the local offices, we included local offices from both urban and rural counties and counties with high and low numbers of participants served. We also included one Illinois office and three Texas offices identified as having a disproportionate number of households with incomes below national poverty levels and below average food stamp participation rates.[1]

Because we did not review a random sample of potentially eligible households from all states, our results cannot be projected nationwide. Also, our review results cannot be projected statewide because the samples of state cases were too small. Nevertheless, we believe our results identify problems of which the Service should be aware.

To accomplish our objective, we reviewed how 33 local food stamp offices process first-time applications, recertifications, and changes in household circumstances; discussed these procedures with federal, state, and local food stamp officials; compared these procedures with applicable federal laws and regulations to determine whether any differences existed; and determined whether these practices affected participation in the Food Stamp Program. We also reviewed the effect that different state practices for calculating applicants' incomes have on determining eligibility and benefit levels. We discussed these issues with federal and state food stamp officials.

We identified potentially eligible households that may have been discouraged or prevented from participating in the Food Stamp Program by

[1]These counties were identified by the Physician Task Force on Hunger in America. See Hunger Counties 1986—The Distribution of America's High-Risk Areas (Cambridge: Harvard University, 1986).

reviewing 664 fiscal year 1984 and 1985 case records from the five states.

- In Illinois and Maryland, we randomly selected and reviewed 316 case records from the states' 1,840 fiscal year 1985 quality control reviews of cases that were denied or terminated. We initially analyzed these case records to validate the state-reported denial and termination error rates.[1]
- In California, Oklahoma, and Texas, we reviewed all of the case records selected for fiscal years 1984 and 1985 denial or termination quality control reviews in the 23 counties we visited. In these 3 states, we tested the accuracy of the states' quality control reviews of 348 case records.

We reviewed the states' case records from fiscal years 1984 and 1985 because these were the latest available data when we conducted the review. Because of the limited scope of our review, we could not determine how widespread are some of the practices and procedures we identified that may hinder food stamp participation.

We conducted our review between February 1986 and December 1987 in accordance with generally accepted government auditing standards.

[1] Food Stamp Program: Evaluation of Improper Denial or Termination Error Rates (GAO/RCED-88-12, Oct. 22, 1987).

Chapter 2

Administrative Hindrances to Applying for Food Stamp Benefits

In operating the Food Stamp Program, the Service's and states' main objective is to provide needy persons with the appropriate amount of assistance. In attempting to do this in the most economical and efficient way possible, states and local offices have sometimes adopted procedures that can, under certain circumstances, prevent, discourage, or delay eligible households from participating in the Food Stamp Program. These procedures generally affect households applying for food stamps, but some procedures also affect other households' continued participation and benefit levels. (See chap. 3.) In the states and local offices we visited, we found instances where initial program participation was affected because local offices

- had limited office hours and restrictive interviewing schedules,
- required households to complete screening forms before providing them food stamp applications and interviews,
- did not encourage applicants to file partial applications to establish filing dates,
- did not consider applicants for expedited benefits or did not provide expedited benefits on time,
- denied applications prematurely, and
- did not help applicants obtain the documents they needed to complete their applications.

We did not identify these problems in all of the offices we visited. In addition, although individually, the examples we identified may not appear to be significant, they could point to procedural and administrative hindrances to food stamp participation elsewhere. The Service and states have identified problems and taken corrective action in some instances to alleviate these hindrances.

Office Work Schedules Can Affect Access to Applications and Interviews

Two of the local offices we visited offered limited office hours and established restrictive interview schedules, which could delay some households from applying for food stamps. Although the other food stamp offices we visited were open Monday through Friday, 40 hours per week (at a minimum), states and counties can establish their own business hours because the Service does not regulate local office schedules. States and local offices can also establish their own schedules for conducting client interviews. Because of this flexibility, we found that Maryland offices kept business hours that accommodated their clientele better than others.

Most of the offices we visited were open daily for about 40 hours each week. For example, Illinois and Oklahoma required local offices to be open daily between 8:30 a.m. and 5:00 p.m. (and Texas between 8:00 a.m. and 5 p.m.). California local offices generally maintained similar office hours although there was no official state policy. There were some exceptions, however. Maryland maintained extended office hours that made it easier to apply for food stamps, but a California local office maintained a more restrictive schedule, which made applying more difficult. An Illinois local office also maintained a schedule that limited assistance to participants.

At the request of its Governor, Maryland began in July 1987 to extend food stamp office hours until 8:00 p.m. on Tuesday nights. The Governor was concerned, according to state officials, that the working poor were unable to apply for food stamps during normal business hours. Although Illinois and California officials said it would cost too much to keep offices open later than 5:00 p.m., Maryland officials said that the extended hours increased their operating costs only slightly, in part because their workload was spread over more hours of operation. Illinois officials, however, stated that security, union considerations, and cost effectiveness were important factors to consider in extending office hours.

In contrast, California's Mendocino County conducts business only 4 days each week. However, two officials are present on Friday to handle emergencies. Food stamp clients requiring an interview must also adhere to the following interview schedule:

- 7:00 a.m.-8:00 a.m., expedited benefits.
- 8:00 a.m.-10:00 a.m., regular food stamp benefits.
- 10:45 a.m.-11:45 a.m., recertification.

The office provides service to AFDC and General Assistance[1] clients in the afternoon, and food stamp applicants arriving at the wrong time must return another day to complete the application process unless the office grants them an exception. The office supervisor said that although expedited benefit applicants have never complained about the 7:00 a.m. interview time, a citizens advisory committee did object to the 4-day work week. Mendocino County officials said that they established

[1]"General Assistance" is a generic term comprising all state and local programs of continuing or emergency income assistance. These programs are legislated, designed, and funded at the state and local level.

the food stamp office's work schedule to control operating costs after determining that it did not violate state or federal regulations.

Illinois' Sangamon County, which was open daily between 8:30 a.m. to 5:00 p.m, designated Thursday as its "quiet day" in order to help caseworkers complete their paperwork. The local office administrator said that caseworkers discouraged clients from coming to the office on Thursdays, although they were supposed to accept new applications and recertifications. However, one Thursday during our visit to the Sangamon office, we heard the office receptionist tell a woman seeking recertification to return on Friday. The local office administrator said that this woman should not have been turned away since this was contrary to office policy. Illinois program officials, when advised of Sangamon County's "quiet day," said that even though local food stamp office workers need uninterrupted time to complete their paperwork, turning anyone away during regular business hours was contrary to state policy. After our visit, the state directed the Sangamon local office administrator to ensure that clients were not turned away.

Screening Practices May Delay Applicants' Access to Food Stamp Applications

Although Service regulations require applications to be readily available without preconditions, two local offices in California and one in Maryland required applicants to complete prescreening forms before providing them applications.[1] Prescreening forms were used, in part, to identify the types of services appropriate for each applicant and reduce the possibility of providing aid to someone not entitled to it. One of these offices also required first-time applicants to view an instructional film. Local officials in these states said that screening procedures, which direct applicants to the appropriate services, help them provide better service and run their offices more efficiently. However, not making applications readily available violates Service regulations, may discourage applicants from applying for food stamp benefits, and may delay the receipt of benefits. The following examples illustrate the effect of these screening practices.

Two California county local offices did not comply with Service regulations to provide food stamp applications immediately upon request. Applicants at the Mendocino local office had to complete a prescreening form and view an orientation film shown four times daily before receiving an application. This procedure prevented the office from responding to telephone requests for applications. In response to adverse findings in

[1]None of the counties we visited in Oklahoma, Illinois, and Texas used prescreening forms.

the January 1988 client services review, Mendocino County made viewing the video tape optional and has revised its application procedures to comply with federal regulations. The prescreening form is now provided to applicants with a food stamp application.

Applicants in California's Fresno County office were required to complete an information form before they could apply for food stamps. Applicants were then directed to another building for an interview, where a caseworker completed each applicant's application. A California official said this information form complies with Service regulations, but a Service official disagreed because an applicant could not apply for food stamps without first completing the form. Subsequently, this California official told us that Fresno County no longer requires applicants to complete the form.

Maryland's Harford County used to require all first-time applicants to complete an appointment request to help them identify client needs and schedule appointments more efficiently. The local office would then mail an application and interview date to the applicant. Like Mendocino County, this practice delayed the issuance of food stamps, since food stamps are issued from the date an application is filed. In one case, the state did not schedule a first-time applicant's interview (during which his application was completed) until 12 days after he completed his appointment request. Harford county officials said that they had not realized that their prescreening form violated program regulations and could have kept applicants from promptly establishing their filing dates. Harford County later revised its procedures to provide applicants an application with the prescreening form, to schedule appointments promptly, and to advise applicants that they could file a partial application before the interview to establish their filing date.

Applicants Not Always Encouraged to File Promptly

In two states, applicants were not filing applications promptly because local offices did not encourage applicants to file partial applications to establish filing dates. As a result, some applicants did not receive as many benefits as they could since food stamp benefits begin to accrue from the application filing date.

Both states used combined applications for food stamps and other public assistance programs, which may be too lengthy to be completed in one visit. Nationally, 35 states use a combined application for food stamps and public assistance programs. Although combined applications enable

caseworkers to address all of an applicant's assistance needs more efficiently, applicants need more time to complete these applications. Consequently, states should encourage applicants to file partially completed combined applications, when necessary, to establish early benefit payment dates to which they are entitled.

Of the seven states we examined for the use of combined applications, four used a combined application for food stamps and other public assistance programs. In Wisconsin and Pennsylvania, applicants were not encouraged to file applications during their initial visit. In contrast, Illinois local offices provided a short version of the application to accommodate those who wished to establish a filing date and complete the rest of the lengthy application later. In addition, Texas' combined application advised applicants that they could file incomplete forms during their first office visit.

The Wisconsin combined application contains instructions advising applicants that they may complete the form at home, but the instructions do not indicate that they will delay their filing dates by doing so. According to two county officials, most applicants, except those requesting expedited benefits, complete their applications at home and file them during their interviews, which may occur up to 2 weeks later. Because their filing dates are delayed, these applicants do not receive as many benefits in the first month as they could have. A Wisconsin food stamp official said that the state is testing an automated application system in 20 counties that establishes a filing date when an applicant first visits a food stamp office.

Community Legal Services, a Philadelphia-based legal aid group, filed a class-action lawsuit against USDA and Pennsylvania, which began using a combined application in 1984, in part because applicants were not informed of their right to file partial applications the day they contacted the local office. To settle the lawsuit, the Service entered into a consent decree on April 7, 1986, by agreeing to monitor Pennsylvania's compliance with the program's application processing requirements. Later, on December 22, 1986, the court ordered Pennsylvania officials to allow and encourage households to file applications during their initial office visits.

Harley v. Lyng, Civ. Action no. 84-4101, Dec. 22, 1986, United States District Court for the Eastern District of Pennsylvania.

Eligible Applicants in Some States Did Not Receive Expedited Benefits

Although states are required to provide food stamps to impoverished households within 5 days of their application,[1] we found cases in three states in which this was not done. In addition, we found indications in our review of five states where apparently eligible applicants were not always offered expedited benefits. Although states are required to screen all applicants to determine whether they are eligible for expedited benefits, they are not required to document this in their records. As a result, we could not conclude that these households were not offered expedited benefits, only that they appeared to be eligible, based on the information they provided on their applications, and that they did not receive them. Because of concerns about the provision of expedited benefits, the Service has required its regional offices, during its annual reviews of state operations, and states, during their management evaluations of local offices, to focus on expedited benefits.

Expedited Benefits Not Offered

In Pennsylvania and Maryland, expedited benefits were not always provided. In the first case, according to regional Service officials, Pennsylvania provided impoverished households with emergency cash grants under its public assistance program which affected how local offices determined eligibility for expedited benefits. Pennsylvania counted the cash grants as anticipated income in determining if a household qualified for expedited benefits before the emergency grant was authorized or received. As a result, households expected to receive cash grants could not qualify for expedited benefits, according to Pennsylvania's interpretation of the Service's regulations. On December 22, 1986, a federal court ordered Pennsylvania to count only that income that reasonably could be anticipated to be received within the expedited benefits certification period. According to a state official, Pennsylvania no longer considers anticipated income in determining expedited benefit eligibility unless it is absolutely certain that the income will be received during the certification period.

In a case that Maryland officials said represented an exception and not a routine problem, a Harford County caseworker denied a man expedited benefits because he did not prove that he did not live with his mother. This impoverished applicant, who was enrolled in a drug rehabilitation program, occasionally stayed with his mother but claimed that he did

[1]A household is considered destitute if its expected monthly income is less than $150 and its liquid assets are $100 or less.

Harley v. Lyng, Civ. Action no. 84-4161, Dec. 22, 1986, United States District Court for the Eastern District of Pennsylvania.

not live with her. Although he is required to provide this type of proof to obtain regular benefits, federal regulations and state policy do not require it for expedited benefits. This information does not have to be verified until the state issues his second monthly food stamp allotment.

In addition, California's Mendocino County did not always provide expedited benefits as quickly as required by Service regulations. The regulations require the county to provide expedited benefits within 5 calendar days, which Mendocino County misinterpreted as 5 working days. Benefits would be further delayed because the office was closed for normal services on Fridays. (See p. 15.) California and Service officials said that Mendocino County was interpreting the regulation incorrectly and is required by regulation to provide expedited benefits within 5 calendar days. Mendocino County changed its procedures to provide expedited service benefits as the result of adverse findings of the Service's Western Regional Office special client services review of the county. The state's procedures were revised, effective July 1, 1988, to provide expedited service benefits within 3 calendar days, with a weekend considered as 1 calendar day, according to the Director of the State Department of Social Services.

Screening for Expedited Benefits Not Documented

We could not determine whether there were significant administrative hindrances to providing expedited food stamp benefits because Service regulations do not require states to document whether expedited benefits were offered. Local officials from the five states we visited said that they screen all households for expedited benefits, but we found that caseworkers do not always document these activities. Although Maryland and Illinois state procedures require caseworkers to document the consideration of expedited benefits, we found that these procedures were not always followed. After we completed our audit work, Illinois introduced its automated intake system, which requires caseworkers to obtain and enter eligibility data for expedited services, thereby assuring that adequate documentation is retained. The Director of the Illinois Department of Public Aid said that the system has been operational in all offices since July 1987.

Service officials said that requiring such documentation, while helping them provide oversight over expedited benefits, would increase local paperwork requirements without necessarily improving service to program applicants or participants. Instead, they said that the Service

ensures that households are screened for expedited benefits by reviewing local office expedited services procedures, as part of its management evaluation program.

In the five states we visited, we identified applicants who apparently met the income and assets eligibility criteria for expedited benefits but did not receive them. Of the case records we reviewed, applicants who appeared eligible did not receive expedited benefits in 43 of 529 cases: 11 of 31 in Texas, 17 of 38 in Oklahoma, 10 of 134 in Maryland, 2 of 173 in Illinois, and 3 of 153 in California.

In one of the Texas cases, a four-person household applying for food stamps in Brazos County listed no resources, expected no income for the next month, and therefore appeared eligible to us for expedited benefits. However, the household was not provided expedited benefits and was not scheduled for its initial interview until 22 days after it had filed its application. According to county officials, in all likelihood, the household was considered for expedited benefits, but its case record did not indicate that expedited benefits were considered.

Applications Sometimes Denied Prematurely

Some states denied food stamp applications prematurely. Local offices can deny food stamp applications if applicants miss two scheduled interviews or do not provide requested information on time, but they must allow the household 30 days from the filing date to complete the application process. We found that Maryland and Illinois occasionally denied applications in less than 30 days. For administrative reasons, Texas also denied applications before 30 days but then immediately reopened the cases if applicants provided requested information within 60 days of the application date. We previously reported on this issue in an overall report of denials and terminations in Illinois and Maryland.[1]

Although contrary to federal regulations, some federal and state food stamp officials argued that there were administrative advantages to denying applications before 30 days. For example, in order to close cases, Texas caseworkers may immediately send households denial notices if they do not provide requested information or appear for their

[1] See Food Stamp Program: Evaluation of Improper Denial or Termination Error Rates (GAO/RCED-88-12, Oct. 22, 1987). For that report, we analyzed randomly selected cases in which applications were denied because households had failed to keep two scheduled interviews or had failed to provide requested information. During our review for this report, we found that out of 98 cases that were denied, 10 of 56 cases in Illinois and 8 of 42 cases in Maryland were denied prematurely. On average, these cases were denied in 21 days in Illinois (between 14 and 29 days) and 25 days in Maryland (between 15 and 29 days).

scheduled interview. To comply with the intent of the regulations, Texas will reopen these cases (until the 30th day) if the applicant returns to complete the application process. The notice reminds applicants of their application requirements, although it does not inform them that they may still have time to complete these requirements for this application.

Illinois officials also favored immediately denying applications after applicants missed two interviews or failed to provide requested information. In response to our finding of early denials, Illinois requested and received a waiver of the 30-day requirement from the Service, allowing the state to deny applications immediately, under the condition that it also advise the households that their cases could be reopened without a new application. This condition was necessary, Service officials said, because an early denial notice could discourage some applicants from completing the application process.

Local Office Assistance to Applicants in Documenting Eligibility Varies

In some cases, local offices could better assist applicants in documenting the information they provide on their applications. We found examples where caseworkers do not always clearly identify the types of documents applicants are required to provide or provide applicants help in documenting their applications to the extent permitted by regulation.

Required Documents Not Always Identified

Households can be hindered in applying for food stamps if local offices do not clearly identify the types of documents they need to support their applications, as indicated in the following Maryland examples. According to one of the office's case records, the Montgomery County local office terminated a mother's and her infant son's food stamp eligibility because she did not adequately document her application. The local office, however, did not clearly identify the documentation it wanted her to provide in support of her application. Acting on the household's June 24, 1985, application, the local office approved expedited benefits of $33 for the rest of June and benefits of $120 for July. Afterwards, to verify the application's information, the office requested the woman to clarify who the members of her household were. However,

[1]According to the Texas Department of Human Services, the state's policy since March 1, 1988, is to hold open applications missing two scheduled appointments for 30 days before taking administrative action. The state also plans to do the same for applications requiring additional information.

the woman's application already identified the members of her household, and the case record contained no information about what additional evidence the office wanted her to provide. The woman did not respond to the request and, as a result, the county terminated the household's food stamp benefits, effective August 1985. The woman may have responded to the request had the office clearly identified the type of evidence it wanted.

In Charles County, Maryland, the local office terminated a woman's benefits after receiving an anonymous allegation that her employed brother was living with her. State program officials said that the brother's earned income could have affected the household's continuing eligibility. In its termination notice, the local office provided her an opportunity to respond to the allegation but did not identify the types of evidence they wanted her to provide, such as statements completed by neighbors, clergy, or others familiar with the household's circumstances. The woman, instead, simply responded that her brother was not living with her. State program officials said that the termination was proper because the woman did not prove that her brother did not live with her and that the caseworker probably terminated the household's benefits rather than risk overpayment.

Maryland officials said that although the counties' actions did not violate Service regulations, they should have provided more specific requests because applicants cannot be expected to know how to comply with all of the program's documentation requirements. To solve this problem, the state is developing instructions for local office workers and an information packet for applicants which identifies the types of documents needed to verify information on applications. Service officials said that although they do not think the problem is widespread, they will focus on this area during upcoming quality control reviews and reviews of state agency operations.

Local Officials Do Not Always Help Applicants Obtain Required Documents

We found two Maryland cases in which local officials did not offer or provide applicants help in documenting their applications. According to the regulations, households are primarily responsible for providing documents to support their applications, but if the household has presented insufficient documentation because documentary evidence is difficult or impossible to obtain, state officials are required to offer the household assistance in obtaining the documents. This assistance could include contacting a third party or making a home visit to obtain the evidence. For example, if the local office and household are unsuccessful in verifying

the household's income, then the local office must decide on the household's eligibility based on the best available information.

In practice, however, the amount of assistance food stamp officials provide applicants may depend on the size of the local office, according to Illinois and Maryland local officials. Typically, staff in smaller local offices said they routinely help clients obtain information from employers and government agencies. But staff in one large office said that they do not have time to assist households in obtaining information. In addition, state officials may be reluctant to help applicants because such assistance could be considered "outreach," which is not supported by Service funding, according to food stamp Service officials. They said it is sometimes difficult to distinguish between legitimate assistance and outreach.

In one case, an applicant in Harford County, Maryland, told a caseworker that he had quit his job because of short hours, low pay, and "conflicts with his employer." According to federal regulations, an applicant is entitled to food stamps if the primary wage earner can prove that he quit his job for good cause, such as employer discrimination, low wages, or unreasonable working conditions, or if both the applicant and the state were unable to obtain documentary evidence from an employer about whether an applicant quit for good cause. The local office requested that the applicant ask the employer to document his claim, but there was no evidence in the case record that the local office helped or offered to help him obtain the documentation. The local office could have helped the applicant prove his claim by requesting him to provide wage stubs to support his claim of low wages and short hours. The office denied his application because the applicant never provided the documentation. State officials said that, faced with the choice of having to confront his employer again, the applicant may have decided not to pursue food stamps. We could not locate the applicant to confirm his reason for not providing the employer's statement.

In the second case, a woman with three children in Montgomery County was denied food stamps for failing to document the amount of child support she received through the County's Child Support Enforcement Program. To accommodate the office's request for documentation, the woman provided her child support enforcement case number. The local office could have verified the amount of child support by contacting this office but denied the application for lack of documentation instead. Quality control reviewers upheld this case as a proper denial because

the applicant is primarily responsible for obtaining documentary evidence.

Administrative Hindrances to Continued Participation in the Food Stamp Program

Some state administrative procedures adopted by the states we visited, under certain circumstances, can limit participation by households already receiving food stamp benefits. Specifically, we found that in some instances, these states

- inappropriately terminated households' food stamp benefits when they terminated these households' public assistance benefits,[1]
- used procedures for transferring clients from one project area to another that could cause benefit interruptions,[2] and
- terminated food stamp benefits on the basis of unverified allegations of changes in household circumstances without substantiating the allegations.

Of these three practices, only the first issue involves a violation of federal regulations. States are not permitted by regulation to simultaneously terminate a household's food stamp and public assistance benefits solely because a change in circumstances affected a household's eligibility for public assistance. These changes in circumstances must also affect the household's food stamp eligibility. In contrast, federal regulations do not prohibit states from terminating food stamp cases on the basis of unverified allegations or when households move to a new project area.

Food Stamps Sometimes Inappropriately Terminated When Public Assistance Is Terminated

In some cases, Maryland and Illinois terminated the benefits of food stamp households because changes in household circumstances made them ineligible to continue receiving public assistance benefits. These changes, however, did not necessarily affect their food stamp eligibility. Because of these improper terminations, many of these households lost food stamp benefits, only some of which were later restored.

Many households simultaneously receive food stamps and assistance from other programs, such as AFDC or the state-run General Assistance programs, often from the same local office. Although these programs are managed separately, federal regulations require some degree of coordination between them. For example, federal regulations require local offices to determine whether changes in a household's circumstances

[1]We conducted work on simultaneous terminations only in Maryland and Illinois as part of a related review of the Food Stamp Program. See Food Stamp Program: Evaluation of Improper Denial and Termination Error Rates (GAO/RCED-88-12, Oct. 22, 1987).

[2]A project area is the geographic area serviced by a local food stamp office.

that cause it to become ineligible for public assistance affect the household's food stamp eligibility and benefit level. The local office is supposed to notify the household of any changes in eligibility or benefits if it has enough information to make this decision. If not, the local office is required to notify the household that its food stamp certification will expire at the end of the following month unless the household can document that it is still eligible. While placing the burden of proof on the household, this procedure provides households at least 30 days to prove their eligibility before food stamp benefits are terminated.

In our review of 316 cases in Illinois (173) and Maryland (143), we found 17 cases—8 in Illinois and 9 in Maryland—in which local offices inappropriately terminated a household's food stamp benefit because of their decision to terminate the household's public assistance benefit.[1] All of these participants had changes in circumstances which affected their public assistance eligibility but not necessarily their food stamp eligibility. Sixteen of these participants' benefits were terminated immediately without providing them an additional month to resolve eligibility questions, as required by regulation. We found that 5 of the 16 participants were still eligible to participate in the Food Stamp Program, despite changes in their household circumstances. However, there was not enough information to determine whether the additional 11 participants were still eligible to participate beyond the additional month.

In the 17th case, a local office also simultaneously terminated a man's general assistance and food stamp benefits because he started receiving unemployment benefits, although he was provided an additional month's benefits while he resolved eligibility questions. The termination was inappropriate because the local office could have determined with the available information that the household was still eligible for a reduced food stamp benefit.

Of these 17 households that were inappropriately terminated, 13 lost at least 1 month's benefits ranging from $22 to $234. The other four participants did not lose benefits because they immediately reapplied successfully for benefits. Eventually, an average benefit of $74 was restored to 3 of the 13 participants. Benefits could not be restored to the remaining participants because in 9 cases, too much time elapsed from

[1]These cases were also reviewed to determine the accuracy of state denial and termination error rates. See Food Stamp Program: Evaluation of Improper Denial or Termination Error Rates (GAO/RCED-88-12, Oct. 22, 1987).

the time they were improperly terminated, and in 1 case, the participant could not be located.[1]

The following examples illustrate how some of these participants were inappropriately terminated from the Food Stamp Program. Local officials in Chicago's Metro General Assistance Central Office immediately terminated a 63-year-old man's general assistance and food stamp benefit because he did not document (1) the amount of veteran's benefits he was receiving and (2) whether he had applied for social security. The local office did not provide him the required additional month to document his food stamp claim but instead immediately terminated his benefits. State officials acknowledged that the man's food stamp benefits were inappropriately terminated and restored his $76 benefit for 1 month.

In Maryland, a Baltimore local office terminated a household's AFDC and food stamp benefit because the mother had neither applied for nor provided a social security number for her child. The local office correctly terminated the child from participating in the Food Stamp Program for this reason, but the mother was still entitled to receive food stamps. As a result of this improper termination, the mother lost $79 in benefits—her portion of the household's $145 monthly allotment. State officials, in agreeing that the food stamp benefit termination was improper, said that the local office should have either extended the household's $145 benefit for an additional month if additional information was needed to determine eligibility or recertified the mother's monthly benefit of $79. There was no evidence in the case record that the woman reapplied for benefits and, according to her case record, too much time had elapsed to restore benefits.

A Baltimore local office simultaneously terminated a 19-year-old woman's AFDC and food stamp benefits after she reported the death of her infant son. The woman, who was no longer eligible for AFDC, was still entitled to food stamps for an additional month. Because she had no other sources of income, it is possible she could have also continued to qualify for food stamp benefits. Maryland discovered its error about a year later and attempted to restore the $79 benefit. But the state was unsuccessful because the woman could not be found.

[1]Benefits cannot be restored if more than a year has passed from the date benefits should have been provided until the date the state was notified of the error.

Maryland's Department of Human Resources Acting Executive Director said that the state, aware that food stamp cases have been prematurely closed when AFDC benefits were terminated, has addressed this problem in its management evaluation reviews and has taken corrective actions.

Procedures for Processing Transfers Between Local Offices Can Interrupt Benefits

Households can lose some food stamp benefits when they move from one residence to another if their state does not have procedures for transferring cases between food stamp offices. In these states, households must reapply for food stamps at the local office in their new location. A household can lose benefits for a period of time if its benefits are terminated before they are certified at the new location. Although we found only one household that lost benefits when it moved, some state procedures could permit this to happen.

Service regulations require households to obtain food stamp assistance from the local office that covers their local area (known as the project area). The household must notify its local office if it moves to a neighborhood in another project area since the local office in the new project area will have to handle the case. Since federal regulations do not require states to use a specific procedure for transferring cases, state procedures vary.

Of the five states we visited, California, Maryland, and Texas require households that move from one project area to another to file an application in the new project area. According to Service officials, California, unlike Texas and Maryland, also requires households to establish new case records, which entails resubmitting documents such as birth certificates and automobile registrations. They told us that California local offices do not transfer households' case records because they want to retain the files in case they are selected for quality control reviews. In contrast, Illinois and Oklahoma require local offices to transfer cases without requiring new applications because, according to state officials, these states can transfer cases administratively without risk of issuing the same benefits twice.

Before April 1985, an Illinois food stamp participant who moved to a new project area could lose benefits. In one case, a five-person household receiving a $241 monthly benefit moved from Will County to Kane County. The Will County local office terminated the household's benefits after being notified of the move. The household then reapplied for food stamps but mistakenly filed its application in Will County. One month elapsed by the time the application was forwarded to Kane County and

approved. The household did not receive food stamps for this month because it was already terminated in Will County but not yet certified in Kane County.

Illinois revised its procedures in April 1985 to allow cases to be more easily transferred. When a reported change of address requires the transfer of a case record to another local office, the office receiving the report must forward the case record and all related documents to the local office serving the household's new address. Illinois officials said that the new system prevents households transferring from one project area to another from losing benefits.

Terminations Based on Unverified Allegations

Local offices can terminate a household's benefits on the basis of unverified allegations of changes in household circumstances. Federal regulations require states, before reducing or terminating a household's benefits, to explain the reason for the proposed reduction or termination, the right to request a fair hearing, and the availability of continued benefits. A state must notify a household of its intent to reduce or terminate benefits if it receives an unverified allegation affecting the household's eligibility and it may reduce or terminate benefits 10 days after notifying the household. During the 10-day period, the household may respond to the allegation or appeal the decision to avoid losing benefits. The household could lose benefits if it does not appeal the state's decision, even if the allegation is false.

Service and state officials in the five states we visited stated that questions regarding eligibility should be resolved before terminating benefits. Some local officials said they attempted to resolve all questions before terminating benefits, and a Maryland official said that these types of allegations often indicate that fraud was committed and local departments are advised to quickly resolve and, if necessary, close such cases.

We found that two local offices did not always resolve unverified allegations before terminating households' eligibility. For example, as previously mentioned on page 23, a Maryland local office terminated a household's benefits on the basis of an unverified allegation that the recipient's employed brother lived in the house. Although Maryland officials said the termination was in accordance with regulations, they also said that all allegations should be verified before terminating a household's benefits.

In addition, we found that an Illinois household's benefits were terminated on the basis of an unverified allegation. Local officials in Warren County, Illinois, terminated a five-person household's eligibility on June 24, 1985 (effective in 10 days), the same day it received an anonymous telephone call reporting that the household was not going to report $3,000 in state lottery winnings. Contrary to state policy, the caseworker did not request the household to respond to this allegation and did not verify the allegation before reaching a decision to terminate the household's eligibility. The household, in appealing the termination the next day, confirmed that it had won the lottery but that it had not yet received the proceeds. The local office reinstated the household's benefits until it received its lottery winnings 2 months later.

Chapter 4

Effects of Different Methods to Calculate Monthly Income

Although the Food Stamp Program sets a single, nationwide income limit to determine whether households are eligible, we found that, in some cases, households with the same income can be eligible to participate in one state and not in another, or can receive different amounts of benefits in two different states. We also found that some households found ineligible to participate in a state when initially applying would be entitled to receive benefits in that state if they had already been participating. These results occur because states may calculate a client's monthly income differently if the client is paid on a weekly or biweekly basis. The amount of income calculated by the state, which is used to determine a client's eligibility and benefit amounts, differs according to the method used.

Different Methods of Calculating Monthly Income

Although many food stamp participants may receive income on a weekly or biweekly basis, food stamp eligibility and benefit amounts are determined on a monthly basis. Service regulations provide states two options in determining a client's monthly income:

- The state may use the client's actual monthly income if it can be anticipated for each month of the certification period or if it is reported monthly by the client. Actual monthly income will vary for a client paid weekly or biweekly because the number of paychecks received in a month will vary.
- The state may convert the client's income to an average monthly income by multiplying weekly amounts by 4.3 or biweekly amounts by 2.15. These conversion factors represent the average number of paychecks the client receives in a month.[3] An average monthly income will remain constant month to month.

According to Service officials, since its inception, the Food Stamp Program offered states the option of using actual or converted income for participants paid weekly or biweekly. The practice was adopted from the AFDC Program, which the Food Stamp Program emulated in many ways. The Service advised states in a 1977 policy memorandum to use

[1]Food stamp regulations, 7 CFR section 273.10(c)(2)(ii).

[2]Our use of the term "average" is different from the Food Stamp Program's technical definition. For food stamp purposes, averaging and conversion of income refer to two different income calculation procedures.

[3]The weekly conversion factor represents 52 paychecks for 12 months (52 ÷ 12 = 4.3). The biweekly conversion factor represents 26 paychecks for 12 months (26 ÷ 12 = 2.15). A state may use instead the public assistance conversion factors of 4-1/3 (weekly) and 2-1/6 (biweekly).

the client's average monthly income, when the client's income fluctuated, to give the participant the longest certification period possible. The memorandum, however, does not address the effects that average income can have on a household's eligibility and benefit amounts.

In the five states we visited, California, Illinois, and Oklahoma based their eligibility and benefit amount decisions on a client's actual monthly income. In contrast, Maryland and Texas based their decisions on a mixture of the two methods. For applicants, they determined both eligibility and initial food stamp benefits on the household's average monthly income. However, once these households began receiving food stamps, both states generally required salaried employees to report their income monthly. These states, therefore, based the households' continuing benefit amounts (once accepted into the program) on their actual monthly incomes.[1]

Program Eligibility Affected by Method Used to Determine Monthly Income

At certain income levels, a household's ability to qualify for food stamps depends, in part, on whether the state determines eligibility on the basis of actual or average monthly income. The method the state chooses to calculate monthly income primarily affects households with net monthly incomes close to the eligibility limit. As table 4.1 shows, in a state that determines eligibility on the basis of average monthly income, a household earning $278 per week would have monthly income exceeding the national gross income limit of $1,192 for a four-person household and would therefore not be entitled to food stamps. In a state basing its decision on actual monthly income, however, a household with a higher income ($298 in our example) would qualify for food stamps during each of the 8 months it receives four paychecks. During these months, the household's $1,192 gross monthly income would equal the national gross income limit, qualifying the household for a $14 food stamp minimum benefit for 8 months.

[1]As of December 1986, the following percentages of households were subject to monthly reporting: California (94.3), Illinois (14.6), Maryland (8.6), Oklahoma (32.0), and Texas (26.8).

Table 4.1: Effect of Determining Food Stamp Eligibility on the Basis of Average and Actual Monthly Income

	Average monthly income	Actual monthly income[a]
Household s weekly income	$278	$298
Number of weeks in month	4 3	4
Gross monthly income	$1 195	$1 192
Monthly allotment	$0	$14
Annual benefits	$0	$112

[a]Household receives benefits only for the 8 months in which four paychecks are received. The household s gross income exceeds program limits during the 4 months it receives five paychecks.

Note: We calculated each household s net income used to determine the amount of food stamp benefits it qualified for, assuming a $99 standard household deduction and a 20 percent earned income deduction.

During our review of 143 randomly selected Maryland application denials and terminations, we found that three households would have been eligible for food stamps if the state had based its decision on actual instead of average monthly incomes.[5] For example, Maryland denied a Washington County food stamp application because the household's net average monthly income of $1,066 exceeded the applicable five-person national limit of $995.[6] However, the household would have been eligible for food stamps if its actual monthly income was used because its $985 net monthly income[7] during the 8 months of the year it received only four pay checks is less than the $995 national limit. The household would have therefore received eight monthly food stamp allotments of $17 each, or $136 for the year.

Benefit Amounts Affected by Method Used to Determine Monthly Income

Over a 12-month period, a food stamp household receiving benefits based on its average monthly income converted at the food stamp weekly conversion rate of 4.3 (for a household paid weekly) will receive more food stamps than the same household receiving benefits on the basis of its actual monthly income, according to an internal analysis prepared by the Service. This occurs because the food stamp conversion factors are rounded down to 1 decimal place and therefore slightly

[5]See Food Stamp Program: Evaluation of Improper Denial and Termination Error Rates (GAO/RCED-88-12, Oct. 22, 1987) for more information about these case reviews.

[6]Maryland calculated this household's income by multiplying the household's $297 weekly income by 4.3, for $1,277; reducing this gross monthly income by $211 in deductions for a net monthly income of $1,066; and comparing this amount with the national net income limit of $995 for a five-person family to find the household ineligible for food stamps.

[7]$297 x 4 weeks = $1,188, minus $203 in deductions.

undercount the household's true annual income.[*] As a result, the food stamp conversion rate provides the household more benefits than it would receive if actual monthly income had been used to calculate benefits. For example, according to the Service's analysis, a household with weekly earned income of $134 would receive $13 more of food stamp benefits over a 12-month period if benefits were determined on the basis of the food stamp conversion rate instead of actual income.

Alternatively, households whose monthly incomes are close to the eligibility limit can qualify for more benefits over a 12-month period if their benefits are based on actual monthly income instead of average monthly income calculated with the Service's conversion factor. For example, as shown in table 4.2, in a state basing its decisions on average monthly income, a four-person household earning $277 each week would receive a minimum benefit of $14 monthly (or $168 annually) because its gross monthly income would be less than the $1,192 gross national limit. In a state basing its decisions on actual monthly income, however, the same household would receive a $34 food stamp allotment for the 8 months it received four checks ($272 annually) and consequently a larger annual benefit.

Table 4.2: Effect of Determining Food Stamp Benefits on the Basis of Average and Actual Monthly Income

	Average monthly income	Actual monthly income[a]
Household's weekly income	$277	$277
Number of weeks in month	4.3	4
Gross monthly income	$1,191	$1,108
Monthly allotment	$14	$34
Annual benefits	$168	$272

[a]Household receives benefits only for the 8 months in which four paychecks are received. The household's gross income exceeds program limits during the 4 months it receives five paychecks.

Note: We calculated each household's net income used to determine the amount of food stamp benefits it qualified for, assuming a $99 standard household deduction and a 20 percent earned income deduction.

[*]For example, the weekly conversion factor representing 52 paychecks for 12 months (52/12) equals 4.3333..., which is rounded to 4.3. The public assistance conversion factors of 4-1/3 (weekly) and 2-1/6 (biweekly), which states may use, would more closely approximate actual monthly income if the states rounded the factors to 2 decimal places (for example, if 4-1/3 equalled 4.33). According to the Service's analysis, the actual figures that local food stamp offices use are unknown, but it is assumed that the public assistance conversion rate varies greatly between local offices.

States Use Different Methods to Calculate Income for Applicants and Participants

States that determine some of their households' eligibility and benefit amounts using both actual and average monthly income can treat similar households inequitably. For example, when a household member is paid weekly or biweekly, Texas determines the household's eligibility and initial benefits on the basis of its average monthly income.[9] However, after participating in the program for 2 months, the household is put on monthly reporting, and its benefits are then calculated using its actual monthly income.

When states use both methods like this, some households applying for the program can be treated inequitably because for 8 months each year, a household's average monthly income exceeds its actual monthly income.[10] At certain income levels, a local office, basing its decision on the household's higher average monthly income which will be higher than its actual income, will determine the household ineligible to participate even though it would have qualified for benefits if it had already been participating in the program. This practice prevents some households from being certified for food stamp benefits even though they would have been eligible to receive benefits if they were already certified, as the following example demonstrates.

A Houston, Texas, three-person household's application was denied because its $759 average monthly net income[11] exceeded the $738 national net limit. If this household had already been participating in the program, however, its actual monthly income of $658[12] would have made the household eligible for a $16 monthly food stamp benefit, or $128 for the year (based on 8 months when it received only four paychecks).

Opinions on Using Both Ways of Determining Monthly Income

Regional Service and some state officials said they believe that using average monthly income to make program decisions reduces program costs. They said that basing decisions on average monthly income makes the program easier to administer because states do not have to recertify participants' eligibility every month they receive a different number of paychecks. States can thus avoid making payment errors caused by

[9]Texas used a factor of 4.33 rather than 4.3. Service regulations allow states to use either multiplier.

[10]These are the months when a household paid weekly receives four instead of five paychecks.

[11]Calculated as follows: $203 (weekly income) x 4.33 = $879, minus $120 in deductions, equals $759.

[12]Calculated as follows: $203 x 4 = $812, minus $154 in deductions, equals $658.

monthly benefit calculations based on fluctuating income. Program officials also said that benefit decisions that are based on average monthly income provide food stamp recipients a standard monthly benefit, which allows them to budget their resources better.

In contrast, state and regional Service officials acknowledged that a household's eligibility and benefit levels can be determined more accurately using actual monthly income. We were not able to estimate the number of eligible households or amount of benefits affected by the use of average instead of actual monthly income because of the limitations of our samples.

Conclusions and Recommendations

Conclusions

Our review of the food stamp application process in five states indicated that states and local offices have adopted a number of practices and procedures to improve the efficiency of their operations which, under certain circumstance, can also affect household participation in the Food Stamp Program. Although the results of our review cannot be generalized to the rest of the country, it is likely that some of the practices and procedures we identified which affect program participation are occurring in other states. During our review in the five states, the Service and states took action to change some practices which affect participation. By looking for similar practices while conducting management reviews of local food stamp operations throughout the country, Service and state officials will be able to more effectively improve food stamp program operations.

Local Office Practices Can Discourage People From Applying

Persons applying for food stamps must participate in a complex and sometimes lengthy application process. The process is cumbersome, in part, because of the need to ensure that only eligible applicants participate in the program. As a result, applying for food stamps will always be somewhat complex. However, some of the procedures we identified during our review make the application process more complex than it needs to be, even though some do not violate Service regulations. Operating local offices for less than 5 days per week, for example, can discourage some potential applicants from applying for food stamps. Participants with full-time jobs in particular may find it difficult to obtain service during regular business hours, and limiting operations to less than 5 days imposes additional hardships. In contrast, there may be opportunities in some states to maintain extended office hours, as Maryland does, to serve the working poor.

Because of their experience, caseworkers can provide applicants much needed advice and assistance to help them through the application process. We found, however, that caseworkers in some local offices could assist applicants better. For example, caseworkers should always encourage applicants to file applications the first day they visit the office, even if they have to file a partial application. Prompt filing establishes an earlier filing date, and benefits accrue more quickly. Some caseworkers could also more clearly identify the types of documents applicants need to establish for their claims and help them obtain these documents. Such an effort could enable applicants to clarify their eligibility when they initially apply for benefits, thereby reducing the number of denials, appeals, and reapplications resulting from lack of documentation.

Better compliance with the Service's regulatory requirements could also eliminate some administrative hindrances to program participation. For example, we noted that, contrary to Service regulations, 3 local offices required applicants to complete prescreening forms before providing food stamp applications. Although local offices generally use prescreening forms to improve local office administration, the forms increase the amount of paperwork applicants must complete and delay the acquisition of food stamp applications. Denying applications before the required 30 days provided to complete the application process could also hinder applicants from getting food stamps. Some applicants may need the full 30 days to gather all of their necessary documentation and find time to attend an interview.

It also appears likely from our case review that local offices are not consistently considering impoverished households for expedited benefits, although we could not always demonstrate this because local offices are not required to document this information in case files. We found some cases, however, where impoverished households were not provided expedited benefits or provided them on time. Not providing expedited benefits on time or at all is significant because it affects the participation of households that have few resources to rely on until benefits are provided. The Service is concerned about the provision of expedited benefits and has directed its regional offices and the states to pay close attention to this process in their reviews of program operations.

Local Office Practices Can Delay or Interrupt Benefits

Households already participating in the Food Stamp Program, although more familiar with food stamp administrative procedures, can also find their benefits interrupted or affected by local office procedures. Our review showed that local offices terminated some households' benefits when they became ineligible to participate in the AFDC Program because of changes in household circumstances, and not because local offices determined that these households were no longer eligible for food stamps. In these cases, the households were obliged to reapply for food stamps or appeal the terminations to continue to receive their benefits. Some of these households lost benefits that can never be restored.

We also found evidence that local offices sometimes terminated benefits before resolving unverified allegations about changes in household circumstances. Resolving allegations before terminating a household's benefits would spare both participants and local offices from resolving these unverified allegations later during appeals of denials or reapplications. Food stamp participants can also lose benefits when they transfer

from one project area to another. Illinois' revision of its procedures for transferring cases between project areas indicates that there may be opportunities for other states to simplify their transferal requirements.

Calculating Monthly Income Differently Affects Eligibility and Benefits Amounts

One of the major objectives of the Food Stamp Program is to provide benefits equitably to similar applicants. However, because states are permitted to use different methods to calculate monthly income, we found that households with monthly incomes close to the eligibility limit can obtain food stamps in some states but not others. Also, benefit amounts differ according to whether the state determines benefits on the basis of actual or average income. According to a Service analysis, over a 12-month period, a food stamp household receiving benefits on the basis of its average monthly income could receive more food stamps than the same household receiving benefits on the basis of its actual monthly income because the Service's method of calculating average monthly income slightly undercounts a household's income. Alternatively, households whose monthly incomes are close to the eligibility limit can qualify for more benefits over a 12-month period if their benefits are based on actual monthly income instead of average monthly income. In addition, some states, by using different methods for calculating monthly income when determining eligibility and benefit amounts, have determined some households ineligible for food stamps even though they would have qualified for benefits if they had already been participating in the program.

It was outside the scope of our review to (1) determine whether requiring a standard method for calculating income to eliminate inequities would be cost effective or (2) estimate the number of eligible households or amount of benefits affected by the use of average income. Nevertheless, further study of the issue might indicate opportunities to make greater use of a standard method to calculate a client's monthly income to reduce inequities in eligibility and benefit amounts for households with identical household circumstances.

Some of the administrative hindrances to participation we have identified are the result of state or local office attempts to provide food stamps more efficiently or effectively. Therefore, finding effective solutions to these hindrances without harming program management in some cases may be difficult. Nevertheless, by identifying these hindrances, we believe the Service and states can more effectively improve program performance when conducting their reviews of program operations throughout the country. For example, the Service could focus on

these hindrances to food stamp participation as part of the specific aspects of program operations that they review in each state every year. This would indicate the extent to which these practices are occurring in the states not covered by our reviews and could identify other types of hindrances to participation. This information could be shared with states to help them monitor management of their own programs. In addition, the Service could also study whether there are ways to overcome some of the inequities caused by using two different methods to determine monthly income for persons paid on a weekly or biweekly basis.

Recommendations to the Secretary of Agriculture

We recommend that the Secretary of Agriculture direct the Food and Nutrition Service Administrator to:

- Identify administrative hindrances to food stamp participation in its annual operations reviews of each state, focusing on hindrances identified in this report, and assist states in overcoming these hindrances by sharing this information with all states.
- Determine the extent to which some households are treated inequitably by the different methods used to calculate monthly income, and determine whether it would be beneficial to adopt a uniform policy for calculating monthly income.

Agency Comments and Our Evaluation

The Service stated that issues concerning the quality of service to food stamp applicants and recipients have been, and continue to be, a Service priority and that these areas will continue to be targeted as priority review areas under the existing management evaluation review system. It added that it will continue to work with state agencies to ensure that prompt corrective action is initiated for practices and procedures found to be out of compliance with program requirements. In commenting on the different methods of calculating monthly income, the Service stated that further study of this question would be necessary to clarify the effect of this policy on program participation. This is consistent with our recommendation.

We also obtained comments from the states covered in this review. These comments, related largely to the clarity and technical accuracy of specific statements in the draft report, have been incorporated where appropriate. (See apps. I through VIII for the Food and Nutrition Service's and the states' comments on this report and our response.)

Appendix I

Comments From the U.S. Department of Agriculture's Food and Nutrition Service

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

United States Department of Agriculture

Food and Nutrition Service

3101 Park Center Drive
Alexandria, VA 22302

JUL 26 1988

Mr. John W. Harman
Associate Director
Resources, Community, and
Economic Development Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Harman:

This letter is in response to the General Accounting Office (GAO) proposed report to Congress entitled "Food Stamp Program: Administrative Hindrances to Participation (GAO/RCED-88-176)". The audit findings indicated that some State and/or local office practices and procedures are administrative hindrances to program participation.

The Food and Nutrition Service (FNS) remains concerned that State and local office practices and procedures not serve as a hindrance to program participation. Therefore, issues concerning the quality of service to applicants and recipients have been, and continue to be, an Agency priority. Quality of service areas, including expedited service, will continue to be targeted as priority review areas under the existing management evaluation (ME) review system. As a result of routine monitoring, FNS and State agencies have previously discovered many of the deficiencies or administrative hindrances cited by GAO.

This report includes findings which were identified in earlier audit reports. We appreciate GAO's acknowledgement that FNS review systems have been effective in identifying the same type of problems. In most cases it appears that the problems or administrative hindrances found by both GAO and the food stamp review system were limited to a project area or a local office and were not evident on a Statewide basis. Deficiencies found during quality control and ME reviews are subject to corrective action and many of the previously identified problems have been corrected. GAO has also indicated that corrective action had been implemented for most of the problems identified in the audit. FNS monitoring efforts will continue to focus on quality of service to applicants and recipients. We will continue to work with State agencies to ensure that prompt corrective action is initiated for practices and procedures found to be out of compliance with program requirements.

See comment 1.

Now on pp. 3, 20, and 39

We would like to point out an apparent discrepancy between a statement in the Executive Summary and the audit findings related to expedited service. On page 5 of the Executive Summary, the statement is made that "All local offices in one State and one local office in each of two other States did not consider applicants for expedited service...." However, on pages 28, 52, and 53, GAO indicates that a determination of whether expedited services were offered could not be made because States are not required to document this information. Since the statement on page 5 is in conflict with the audit findings, we would recommend that it be revised.

See comment 2

John W. Harman 2

The discussion of methods used to calculate monthly income is quite different from the other topics covered in this audit report. We would like to make two comments on this issue. First, whatever the policy choice, this is a policy issue rather than an administrative practice. The option to calculate a household's monthly income by using converted or actual income affects a small percentage of households. In the Food Stamp Program, approximately 20 percent of households have earnings and are subject to monthly income calculations. Of these households only a small percentage are at the eligibility limit and potentially affected by the use of actual or converted income methods. GAO has identified positives for both procedures and has not demonstrated the superiority of either procedure. Further examination of this question would be necessary to clarify the impact of this policy on program participation. Second, GAO's use of the term "average" is different from the Food Stamp Program definition of this term. For food stamp purposes, averaging and conversion of income refer to two different income calculation procedures. To avoid confusion, we suggest that an acknowledgement be made that the Food Stamp Program definition of "average" is different and that GAO's use of the term "average" is specific to this audit report.

An arrangement has been made to provide technical comments to your staff via telephone. We would like to thank you for the opportunity to comment on the draft report. If you have any questions concerning our response, please advise.

Sincerely,

Anna Kondratas

ANNA KONDRATAS
Administrator

The following are GAO's comments on the Food and Nutrition Service's letter dated July 26, 1988.

GAO Comments

1. The Executive Summary statement about states not providing expedited services is supported on page 19, where we discuss instances in Pennsylvania and Maryland in which expedited benefits were not always provided. We revised the report on page 39 for consistency.

2. We revised the report to acknowledge the Service's technical meaning of the word "average."

Comments From the California Department of Social Services

Note GAO comments supplementing those in the report text appear at the end of this appendix

STATE OF CALIFORNIA - HEALTH AND WELFARE AGENCY

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814

July 27, 1988

John W. Harman, Senior Associate Director
Resources, Community and
Economic Development Division
United States
General Accounting Office
Washington, D.C. 20548

Dear Mr. Harman:

We have completed our review of the proposed report issued by your office entitled Food Stamp Program: Administrative Hindrances to Participation (GAO/RCED-88-176).

As the Director of the State Department of Social Services, I am very concerned that people who may be eligible for the Food Stamp Program are in fact afforded the opportunity to apply for and receive benefits in a timely manner. I would like to point out that California has taken steps to reduce certain hindrances to Food Stamp participation:

1) Our State Legislature passed a bill, effective July 1 of this year, which expanded client service and expedited service requirements. One of the major changes required in the law was the shortening of the expedited service processing timeframe from a federally mandated five calendar days to three calendar days. Weekends (Saturday and Sunday) are considered one calendar day.

2) Nationally, negative action errors are on the rise. We have issued instructions to county welfare departments clarifying the application denial process/timeframes to reduce the number of inappropriate denials.

Thank you for the opportunity to review and comment on the draft report. Our specific comments are enclosed. If you have any questions, please contact Mr. Robert A. Horel, Deputy Director, Welfare Program Division, at (916) 322-2214.

Sincerely,

Linda A. Horel for

LINDA S. McMAHON
Director

Enclosure

DRAFT REPORT COMMENTS

Now on p. 10

See comment 1

1. Applying for Food Stamps, Page 14

The second paragraph indicates that States are required to provide expedited service benefits within 5 calendar days from the date of application. In California, effective July 1, 1988, expedited service benefits must be issued witnin 3 calendar days with a weekend considered as one calendar day. In addition, verification required for expedited service eligibility is limited to identity only.

Now on p. 10

See comment 2

2. Applying for Food Stamps, Page 14

The first paragraph indicates that "the local office is not permitted to deny an application in less than 30 days." Regulations in fact require that households found to be ineligible shall be sent a Notice of Denial as soon as possible but not later than 30 days following the date the application was filed. Therefore, unless the county welfare department is awaiting requested verification, the application can be denied before the 30th day for ineligibility.

Now on p. 16

See comment 3

3. Screening Practices May Delay Applicants' Access to Food Stamp Applications, Page 22.

The report indicates that "...two local offices in California required applicants to complete prescreening forms before providing applications." "These forms were used in part, to identify the types of services appropriate for each applicant."

According to regulations, prescreening does not include gathering information to refer an applicant to the appropriate program or office. In addition, many county welfare departments use a "face sheet" as part of their case clearance process. Information is obtained to see if the applicant is "known to the system" (i.e., already on aid), if there is an outstanding sanction, overissuance, etc. We believe this practice does not constitute prescreening, but instead, reduces the possibility of duplicate aid, and ineligible (sanctioned individuals) receiving aid.

The following are GAO's comments on the California Department of Social Service's letter dated July 27, 1988.

GAO Comments

1. We revised the report to reflect the state's new expedited services approval procedures.

2. We revised the report to reflect the fact that local offices are not permitted to deny an application in less than 30 days simply because an applicant fails to attend a scheduled interview or provide requested verification.

3. We revised the report to reflect California's reasons for using the prescreening form but made no other revisions since these forms, no matter how well intentioned, delay the provision of food stamp applications and, according to Service officials, are contrary to Service regulations.

Comments From the Illinois Department of Public Aid

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

Illinois Department of Public Aid

Edward T. Duffy
Director

Jesse B. Harris Building
100 S. Grand Avenue East
Springfield, Illinois 62762

July 21, 1988

Mr. John W. Harman
Associate Director
U.S. General Accounting Office
Washington, D.C. 20548

RE: Food Stamp Program: Administrative Hindrances to Participation (GAO/RCED-88-176)

Dear Mr. Harman:

Thank your for the opportunity to comment on the draft version of the report that you sent us on June 28, 1988. Our comments are as follows:

Now on p. 15.

Page 21: "Although Illinois . . . officials said it would cost too much to keep offices open later than 5:00p.m., . . ."

See comment 1.

Comment: In addition to added costs, we also cited security, union considerations, and cost effectiveness as important factors.

Now on p. 16.

Page 21 and 22: There are several references to "quiet days".

See comment 2.

Comment: We believe that the use of the terms "quiet days" and "discouraged clients" is inappropriate and misleading. Such terms imply that few if any client were served on Thursday. In fact, on the Thursday that the auditors visited the office 104 applicants and clients had contacts with caseworkers including 21 new applicants. The scheduling policy at the office sought to reduce, but not deny or discourage, client contacts on Thursday. Also, the statement that the local office administrator was directed to discontinue "quiet days" is incorrect. The LOA was advised to assure that the scheduling policy was correctly followed.

Now on p. 20.

Page 28: "Although Maryland and Illinois state procedures require caseworkers to document the consideration of expedited benefits, we found that these procedures were not always followed."

Mr. John W. Harman
Page 2

See comment 3

Comment: Our Automated Intake System requires caseworkers to obtain and enter data relative to eligibility for expedited services, thereby assuring that adequate documentation is retained. The System has been operational in Sangamon and other large offices since July 1985, and in all offices since July 1987.

Now on p. 26

Page 35: ". . . federal regulations permit states to terminate food stamp cases based on unverified allegations. . ."

See comment 4

Comment: We confirmed with GAO audit staff that there are no regulations that specifically allow such terminations. Instead, the regulations do not prohibit such terminations.

Now on p. 29

Page 39: "Before April 1985, an Illinois food stamp participant who moved to a new project area could lose benefits."

See comment 5

Comment: We question the necessity of describing a problem that was resolved over three years ago, and recommend that this segment be deleted. It was our impression that Congress was interested in existing regulations, policies and practices that might affect initial and continuing participation in the Food Stamp Program.

Page 40: ". . . some Illinois officials said that immediately terminating households' eligibility encourage households to resolve eligibility questions quickly, helped remove ineligible households from the benefit rolls. . ."

See comment 6

Comment:
This statement is totally incorrect and should be deleted. None of our officials made such comments to the auditors. When we asked for information on this statement from the GAO workpapers, we were informed that the above was not a direct quote but paraphrased statements made by Illinois officials.

If you have any questions relative to the above comments, please contact Mr. Robert J. Schwarz, Chief Auditor, at (217)782-1156.

Sincerely,

Edward T. Duffy

ETD:RJS:jsm

The following are GAO's comments on the Illinois Department of Public Aid's letter dated July 21, 1988.

GAO Comments

1. We revised the report to reflect the additional reasons Illinois cited for not adopting extended office hours.

2. We revised the report to reflect that quiet days were not discontinued but that the local office was directed to ensure that clients were not turned away, as we had observed during our visit. Although the state objects to the use of the term "quiet days" to characterize its policy, this was the term used by the Sangamon County local office officials. This section does not imply and, in fact, makes no mention of how many clients were served on Thursday, except to note that the policy was designed to reduce client contacts on Thursdays, a fact with which the state agrees to in its letter.

3. We revised the report to reflect Illinois' efforts to improve expedited service documentation.

4. We revised the report to indicate that the regulations do not prohibit terminations on the basis of unverified allegations.

5. We believe it is important to report any administrative hindrance we identified, even if overcome by the state or county, because conditions may still exist to permit such a hindrance to occur elsewhere. For this reason, we reported Illinois' experience with case transfers since states not included in this review may be experiencing similar problems and could benefit from Illinois' experience.

6. Our records indicate that an Illinois state official made this statement to GAO auditors. However in light of Illinois' apparent disagreement with this practice, as reflected in this comment to us, we deleted the statement to avert the appearance that this practice is a matter of state policy.

Comments From the Maryland Department of Human Resources

Note: GAO comments supplementing those in the report text appear at the end of this appendix

State of Maryland
WILLIAM DONALD SCHAEFER
Governor
RUTH MASSINGA
Secretary of Human Resources
ERNESTINE F. JONES
Deputy Secretary

DEPARTMENT OF HUMAN RESOURCES • SARATOGA STATE CENTER • 311 WEST SARATOGA STREET • BALTIMORE, MARYLAND 21201
TELEPHONE
(TTY 333-0017)

August 5, 1988

Mr. John W. Harman
Senior Associate Director
Resources, Community and
Economic Development Division
Government Accounting Office
Washington, D.C. 20548

Dear Mr. Harman:

Thank you for the opportunity to comment on the GAO draft report titled Food Stamp Program - Administrative Hindrances to Participation. Before addressing the specific items in the report I believe, for the sake of developing a proper perspective, that it is important to discuss the broad issue of the major barriers to participation in the Food Stamp Program. The barriers cause concern (especially in Congress and in the advocate community) that this program is being used. These barriers grow out of the very nature of the program.

First, is the relatively low level of benefits for most households. The average food stamp recipient receives approximately fifty cents per meal in benefits. Those who fall below that average amount understandably become less inclined to apply for and participate in the program. This is a cost/benefit decision at the personal level.

Second, is the stigma that many attach to food stamps. To them the use of the coupons is conspicuous and embarrassing. Although alternatives to food coupons have been explored, it appears that any changes on the national level are years away.

Finally, are the complex program regulations. The regulations have made the application process intrusive and time consuming from the applicant's standpoint, and for individuals and families in crisis, accessing the program is not a positive experience.

Only if there is the understanding that the above barriers are the major causes for non-participation and are beyond the control of the State agencies which operate the Food Stamp Program, do we consider it reasonable to focus on the barriers that can occur at the operational level.

Income Maintenance Administration

See comment 1.

As to the report, we are concerned with some of the inferences that are drawn from the cases that were reviewed. GAO staff as well as other reviewers and auditors are often frustrated in their inability to reconstruct the circumstances surrounding a case action, especially when they are two or three years beyond the action. In this report there are numerous instances where case documentation did not indicate that the eligibility worker had done everything possible to process the case correctly. Instead we have critical judgements made concerning state operations based on cases that may have been handled incorrectly. We believe that cases in the report should have been judged either correct or incorrect based on policy. The conclusions therefore go beyond data that is really available to the reviewers and calls into question the fairness of the review. As to the specifics in the report we offer the following:

Chapter I - This chapter contains several inaccuracies and misleading statements.

Now on p. 9.

See comment 2.

- page 13 - It would be a rare case indeed that would be required to provide "approximately 60 pieces of information at application". This statement should be rephrased or eliminted from the report.

See comment 3.

The report is critical of state efforts to develop combined applications. This is a pro-client effort that should be encouraged at all levels. It is myopic to suggest that Food Stamp concerns should override the states' commitment to bring all of the programs that are important to the eligible individals and families together in a single application form.

Now on p. 10.

See comment 4.

- page 14 - The statement that local offices can not deny an application before 30 days is inaccurate. Cases may be denied whenever the local office has all the information it needs to make a decision or if an applicant refuses to cooperate with the application process.

Now on p. 12.

See comment 5.

- page 17 - The authors of the report admit that the results of their review could not be projected statewide because of the methodology and scope of the review. Nonetheless the reviewers identify problems, which by their very inclusion in the report, become significant. As stated above we question this approach and the findings made in the report.

The cases reviewed in the report were from Fiscal years 1984 and 1985. Thus as we review the draft some case actions were taken more than four years ago. We do not have to belabor the point of how much change has taken place during that time in state and local agencies and in federal policy.

Now on pp. 14-15

Chapter 2 - page 20. We appreciate the acknowledgement of Maryland's efforts to serve the working poor by extending office hours.

- We agree to a certain extent with the findings in this section that workload management procedures can interefere with client access to the program. But it is necessary to understand the environment in which these problems occur. An example illustrates this well. A county office was proud of not having an appointment system. The office took applications and interviewed clients on a walk-in basis. This system eventually resulted in benefits being delayed because workers could not set aside blocks of time to process cases. What was initially perceived as an effective pro-client system on the front end was causing a log jam at the back end. The example you cited of the screening form in Harford County was just such an effort to speed up client processing. Once it was seen as interfering with policy governing the date of application it was discontinued.

  Maryland is particularly concerned with and has placed special emphasis on local department compliance with timeliness requirements for the issuance of both expedited and regular food stamps. We have developed an automated tracking system which monitors all applications in the state.

  We are currently enhancing this system to produce exception reports of cases processed beyond the regulatory timeframes so that local staff will be required to report on the reasons for each agency caused delay. In addition, screening for expedited service is an important feature in Project Independence - Maryland's welfare reform initiative.

Chapter 3 - The major problem as identified in this chapter is the premature closing of Food Stamp cases when AFDC or GPA benefits are terminated. We have been aware of this issue and have addressed it in our Management Evaluation Reviews and local corrective action efforts. This problem will be resolved within the next few months when the state retrains all workers as generalist. This too is a Project Independence initiative.

See comment 6

Maryland believes that the section on termination based on unverified allegations contains little in the way of substantive findings. Often the type of allegation described here indicates that fraud is being committed and local departments are advised to move quickly in resolving and if necessary closing such cases.

See comment 7

See comment 8

Chapter 4 - We believe that there is misplaced emphasis on the different method used to calculate monthly income in this chapter. The two methods of calculating benefits can work to a clients' advantage. Because this issue was raised in your previous review, Maryland has agreed with the FNS Regional Office to institute a statewide procedure.

We hope that these comments prove helpful and we request that this letter be incorporated as an appendix to the report.

Sincerely,

Stephen D. Minnich
Acting Executive Director

SDM:mag

The following are GAO's comments on the Maryland Department of Human Resources' letter dated August 5, 1988.

GAO Comments

1. Our findings are supported by adequate evidence, and our conclusions and recommendations are consistent with our findings.

2. All food stamp applications require at least 60 pieces of information about household size, income, living expenses, and assets, although the number of separate documents required to support this information would usually be less.

3. We agree with the state that there are many potential benefits to using combined applications. The report does not criticize state efforts to develop combined applications but merely points out that states should encourage applicants to file partially completed combined applications, when necessary, to establish early benefit payment dates to which they are entitled. We revised the report to clarify this point.

4. We revised the report to reflect that local offices are not permitted to deny an application in less than 30 days simply because an applicant fails to attend a scheduled interview or provide requested verification.

5. Our results could not be projected statewide because of the limited sample size and lack of a rigorous sampling methodology. We chose at the outset of this review not to project our results because of time and cost considerations, as mentioned in the report. Instead, the review's purpose was to identify administrative hindrances to food stamp participation at the locations we visited, solely to point out the types of hindrances that are occurring and could be occurring in other states. Our conclusions and recommendations are consistent with our findings.

The state also questions the age of the reviewed case records. As noted in the report, these were the latest available data when we conducted the review. Although each case is discussed in terms of the policies in effect when the case was active, we had updated this type of information throughout the draft report to include current policies and procedures.

6. We revised the report to reflect Maryland's local corrective actions.

7. We revised the report to reflect Maryland's position that these type of allegations usually involve fraud.

8. Maryland's point that the two different methods of calculating monthly income can work to a client's advantage supports our conclusion that clients with similar financial circumstances can receive different amounts of benefits.

Comments From the Oklahoma Department of Human Services

COMMISSION
FOR HUMAN SERVICES
Burns Hargis, Chairman

State of Oklahoma
Department of Human Services
Sequoyah Memorial Office Building
P.O. Box 25352
Oklahoma City, Okla. 73125
July 27, 1988

DIRECTOR
OF HUMAN SERVICES
Phil Watson

Mr. John W. Harman
Senior Associate Director
United States General Acct. Office
Washington, D.C. 20548

Subject: Proposed Report - Food Stamp Program: Administrative Hindrances to Participation

Dear Mr. Harman:

We have reviewed the proposed report entitled Food Stamp Program: Administrative Hindrances to Participation (GAO/RCED-88-176).

We have no comments concerning the draft report sections provided with your correspondence dated June 28, 1988.

Thank you for giving us the opportunity to comment on the proposed report.

Sincerely,

W W Hogue

W. W. Hogue, Division Admin.
Family Support Services

Help for Today — Hope for Tomorrow

Comments From the Pennsylvania Department of Public Welfare

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
P.O. BOX 2675
HARRISBURG, PENNSYLVANIA 17105-2675

Harry D. Sewell
Deputy Secretary for Administration

(717) 787-3423

AUG 01 1988

Mr. John W. Harman
Senior Associate Director
United States General Accounting Office
300 12th Street, SW
3rd Flr. Mezz. - Cotton Annex
Washington, DC 20548

Dear Mr. Harman:

Secretary White has asked me to respond to your letter of June 28, 1988, which forwarded a copy of the proposed report entitled Food Stamp Program: Administrative Hindrances to Participation. Our comments are shown below.

Now on p. 9, footnote 2.

Page 12, Footnote No. 2

See comment 1

Expedited services provide immediate food stamp benefits to applicants with less than $150 in anticipated monthly gross income and less than $100 in liquid assets.

Department of Public Welfare (DPW) Comment

The statement should be changed to read "...and $100 or less in liquid assets." The difference is slight but failure to apply the standard as written constitutes an error by federal reviewers.

Now on p. 18.

Page 24, Paragraph 3

In Wisconsin and Pennsylvania, applicants were not encouraged to file applications during their initial visit.

DPW Comment

See comment 2.

This statement is incorrect. First, the General Accounting Office reviewers did not visit an application site in Pennsylvania to observe such a condition. Second, Pennsylvania does not have a policy or procedure which would discourage prospective clients from submitting an application during the initial visit. In the case of expedited food stamp benefits, clients are actively encouraged to submit an application at the time of the initial visit.

Now on p. 19

Page 26, Expedited Benefits Not Offered or Offered on Time

We found instances in Pennsylvania and Maryland in which expedited benefits were either not provided.

DPW Comment

See comment 3

First, the sentence is not complete. Second, General Accounting Office reviewers did not visit application sites in Pennsylvania, thus could not have "found instances in Pennsylvania."

The information following the initial sentence tends to be misleading in that a reader could be left with the belief that the condition discussed is a current problem. In fact, the condition cited was part of the Harley v. Lyng court action which was referenced on page 25 of your proposed report. Pennsylvania does not now consider prospective income unless it is absolutely certain that the income will be received during the certification period.

Now on p. 19, footnote 4

Page 26, Footnote No. 10

A household is considered destitute if its expected monthly income is less than $150 and its liquid assets are less than $100.

DPW Comment

See comment 4

The correct statement should refer to liquid assets of $100 or less.

We appreciate being permitted this opportunity to comment on the proposed report. We can only assume that Chapter 5, which provides your conclusions and recommendations and which was not provided to us for comment, contains no reference to Pennsylvania. If it does, we respectfully request that we be permitted to comment prior to publication.

Sincerely,

Harry D. Sewell

The following are GAO's comments on the Pennsylvania Department of Public Welfare's letter dated August 1, 1988.

GAO Comments

1. We revised the report accordingly.

2. Pennsylvania objected to our statement that applicants were not encouraged to file applications during their initial visit. Our evidence is based on the Harley v. Lyng lawsuit cited in the report, in which the court ordered Pennsylvania to allow and encourage households to file applications during their initial office visits.

3. We revised the report to correct a typographical error and reflect that our evidence was based on the results of the Harley v. Lyng lawsuit. We also added Pennsylvania's revised policy of generally not considering anticipated income in determining expedited benefit eligibility unless it is absolutely certain that the income will be received during the certification period.

4. We revised the report accordingly.

Comments From the Texas Department of Human Services

Note: GAO comments supplementing those in the report text appear at the end of this appendix

Texas Department of Human Services

John H. Winters Human Services Center • 701 West 51st Street
Mailing Address: P.O. Box 2960 • Austin, Texas 78769

COMMISSIONER

BOARD MEMBERS

July 21, 1988

Mr. John W. Harman
Senior Associate Director
United States General Accounting Office
Cotton Annex Building
3rd Floor Mezzanine
300 12th Street S.W.
Washington, D.C. 20250

Dear Mr. Harman:

Subject: Food Stamp Program: Administrative Hindrances to Participation (GAO/RCED-88-176)

This letter is in response to your correspondence dated June 28, 1988 requesting comments on the draft report for the above subject. The following comments are provided.

Chapter 2: ADMINISTRATIVE HINDRANCES TO APPLYING FOR FOOD STAMP BENEFITS

Office Work Schedules Can Affect Access To Applications And Interviews

Now on p. 15

See comment 1

- **Page 20, third paragraph** - The reference to Texas' local office work schedule should read 8:00 a.m. to 5:00 p.m. daily instead of 8:30 a.m. to 5:00 p.m. The Texas Department of Human Services has always maintained this standard unless the office is classified as itinerant because of sparse population.

Applications Sometimes Denied Prematurely

Now on pp. 21-22

See comment 2

- **Page 29, all paragraphs** - This portion of the report delineates Texas' procedures for denying certain applications, for administrative reasons, before the 30-day required period. The text should be modified to show that effective March 1, 1988, Texas changed policies and procedures to hold applications missing two scheduled appointments open for the full 30 days before taking any administrative action. Also, effective with release of an Executive Letter, Texas will be holding applications pended for information open for the full 30 days before taking any administrative action.

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Chapter 3: ADMINISTRATIVE HINDRANCES TO CONTINUED PARTICIPATION IN THE FOOD STAMP PROGRAM

Procedures For Processing Transfers Between Local Offices Can Interrupt Benefits

Now on p. 29

See comment 3

- **Page 38, third paragraph** - This paragraph summarizes the regulatory requirements for application processing when households relocate in another project area within the State. The report fails to note that Food and Nutrition Service (FNS) regulations specify that a household's eligibility stops when they move from one project area to another project area.

Now on p. 29

See comment 4

- **Page 38, fourth paragraph** - A reference was made that Texas' procedures comply with FNS regulations by requiring households to submit a new application when they move from one project area to another. The text should note that Texas has existing procedures to allow transfer of paper case records with further plans to transfer electronic case files to reduce the chance for interruption of benefits.

Chapter 5: CONCLUSIONS AND RECOMMENDATIONS

See comment 5

Due to this chapter not being included for review and comment, we are unclear of GAO's final conclusions. Since the recommendations could have an adverse impact on State's administration of the Food Stamp Program, it is suggested that the final report recommend that Congress obtain State input before initiating regulatory action.

We appreciate the opportunity to comment on the proposed report and hope that our comments are incorporated. Please contact Mr. Bob Compton at 512-450-3449 if there are any questions regarding these comments.

Sincerely,

Marlin W. Johnston

The following are GAO's comments on the Texas Department of Human Services' letter dated July 21, 1988.

GAO Comments

1. We revised the report to reflect Texas' local office work hours.

2. We revised the report to reflect Texas' new procedures for administratively denying applications before 30 days have passed.

3. The Food and Nutrition Service's regulations do not state that a household's eligibility stops when it moves to another project area, but only that a household must reside in the project area where it receives benefits. Therefore, if the household successfully applies for benefits in the new project area, and the transition from one project area to another is handled smoothly by both the household and the local offices, there should be no break in the household's eligibility.

4. We revised the report to indicate that Texas and Maryland have existing procedures to allow the transfer of paper case records.

5. Generally, we obtain agency comments by providing the conclusion and recommendation section of our reports to the parties to which the recommendations are addressed. Because our recommendations are addressed to the Secretary of Agriculture, only USDA was provided this section of the report for comment.

Comments From the Wisconsin Department of Health and Social Services

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

State of Wisconsin \ DEPARTMENT OF HEALTH AND SOCIAL SERVICES
1 West Wilson Street, Madison, Wisconsin 53702

Tommy G. Thompson
Governor

August 3, 1988

Timothy F. Cullen
Secretary

Mailing Address
Post Office Box 7850
Madison, WI 53707

Mr. John W. Harman
Senior Associate Director
United States General Accounting Office
Resources, Community, and
Economic Development Division
WASHINGTON DC 20548

Dear Mr. Harman:

I appreciate the opportunity to comment on draft material that may affect Wisconsin's income maintenance programs. I have reviewed the proposed report entitled Food Stamp Program: Administrative Hindrances to Participation (GAO/RCED-88-176) and have noted the following:

Administrative Hindrances to Applying for Food Stamps

Use of a combined application form was cited as a problem in the draft report because the form could be too lengthy to be completed in one visit and, therefore, causes delays in receiving benefits. We think that, on the contrary, the benefits of using a combined application far outweigh the costs to the applicant. With one application, eligibility is determined for food stamps, medical assistance, and AFDC. This type of application process has the effect of increasing participation in all three programs. Separate applications would not have the same result and would, in fact, be a greater burden to a majority of our client population who would be required to file and document three separate applications containing much of the same information.

See comment 1

The combined application process does not hinder participation. In fact, in the late 1970s, when Wisconsin first used a combined application and automated procedures, participation in the Food Stamp program rose dramatically. Thirty-nine thousand cases opened in one month when the data for all programs was stored on a common data base. Wisconsin's system now maintains a "pending" application for recipients who are open for other programs so that a change report in one area can trigger action in another. This process maximizes participation and is in agreement with federal policy directives that call for program consistency and maximization of participation in all income maintenance programs for which the applicant is eligible.

In addition, Wisconsin policy clearly allows applicants to establish an initial eligibility date by signing and dating the application even when they are not able to complete and document the form. The state is also piloting an automated applicant tracking system that would eliminate any problems that may currently exist with delayed filing dates.

See comment 2

Administrative Hindrances to Continued Participation

With regard to terminating benefits, the draft report understates the client's responsibility to resolve eligibility problems. Again, this is not consistent with a federal policy direction which we feel is important, that of increased client responsibility pertaining to their case situation. Given adequate notice and appeal rights, verification problems should be resolved by appropriate action from both the income maintenance worker and the client.

See comment 3

Effects of Different Methods to Calculate Monthly Income

A major cause of monthly income variance was omitted from the draft report. This income variance is caused by complicated and error prone regulations used to determine income for the Food Stamp, Medical Assistance, and AFDC programs, in combination with federal quality control policies which severely penalize only those errors which are overpayments.

State agencies are faced with the task of making these regulations as simple and consistent as possible in order to minimize implementation problems. In too many situations, this is not possible. The food stamp shelter deduction is a good example. The AFDC and Medical Assistance programs do not contain this type of deduction, and yet the food stamp calculation takes into account: standard vs. actual expenses, elderly/disabled households vs. other types of households, and an amount to be compared to a maximum while subtracting it from 50 percent of the net income to that point. This type of regulation should be simplified because it is needlessly complicated and may adversely affect the income calculation.

I hope this input will be of assistance to you. If you need additional information, please let me know.

Sincerely,

Timothy F. Cullen
Secretary

The following are GAO's comments on the Wisconsin Department of Health and Social Services' letter dated August 3, 1988.

GAO Comments

1. We agree with the state that there are many potential benefits to using combined applications. The report does not criticize state efforts to develop combined applications but merely points out that states should encourage applicants to file partially completed combined applications, when necessary, to establish early benefit payment dates to which they are entitled. We revised the report to clarify this point.

2. We had noted in our draft report that both the local office workers and the food stamp recipients are responsible for assuring that application information can be verified.

3. Many factors cause a food stamp recipient's monthly income to vary. In this report, we were only concerned with the effects of using two different methods of calculating income. The types of difficulties Wisconsin identifies pertain to determining an applicant's net income. The focus of our review was how that amount was translated into a monthly total for calculating food stamp benefits.

Local Offices Where GAO Conducted Its Review

California Department of Social Services	Fresno County Department of Social Service, Fresno Lake County Welfare Department, Lakeport Mendocino County Department of Social Services, Ukiah Merced County Department of Human Resources, Merced Nevada County Department of Public Social Services, Nevada City Placer County Welfare Department, Alburn Tulare County Department of Public Social Services, Visalia
Illinois Department of Public Aid	Carroll County Office, Mt. Carroll Jackson County Office, Murphysboro Johnson County Office, Vienna Rock Island County Office, Rock Island Sangamon County Office, Springfield St. Clair County Office, Belleville Uptown Office, Chicago
Maryland Department of Human Resources	Baltimore County Department of Social Services, Towson Harford County Department of Social Services, Bel Air Montgomery County Department of Social Services, Rockville Park Circle Office, Baltimore City Department of Human Services Prince Georges County Department of Social Services, Hyattsville Wicomico County Department of Social Services, Salisbury
Oklahoma Department of Human Services	Canadian County Office, El Reno Jackson County Office, Altus Logan County Office, Guthrie McClain County Office, Purcell McCurtain County Office, Idabel Noble County Office, Perry
Texas Department of Human Services	Anderson County Office, Palestine Brazos County Office, Bryan Hays County Office, San Marcos Lee County Office, Giddings Milam County Office, Cameron Rockwell County Office, Garland Tarrant County/Jacksboro Office, Ft. Worth

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